Prosper One International Holdings Company Limited
富 一 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1470)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2018

ANNUAL RESULTS HIGHLIGHTS

Revenue for the year ended 30 April 2018 increased by approximately 11.4% as compared to the prior financial year.

Gross profit margin for the year ended 30 April 2018 increased to approximately 33.0% from approximately 31.9% in the prior financial year.

The loss attributable to owners of the Company decreased by approximately 27.1% as compared to the prior financial year.

The Board does not recommend the payment of dividend for the year ended 30 April 2018.

RESULTS

The board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of Prosper One International Holdings Company Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 30 April 2018 (the "**Year**") together with the comparative figures for the immediately preceding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2018

	Notes	**Year ended 30/04/2018** *HK$'000*	Year ended 30/04/2017 *HK$'000*
Revenue	*3*	**315,501**	283,211
Cost of sales		**(211,409)**	(192,893)
Gross profit		**104,092**	90,318
Other income		**53**	9
Selling and distribution costs		**(92,349)**	(102,817)
Administrative expenses		**(26,902)**	(15,627)
Finance costs	*5*	**(572)**	(441)
Loss before tax		**(15,678)**	(28,558)
Income tax (expense) credit	*6*	**(4,570)**	867
Loss for the year attributable to owners of the Company		**(20,248)**	(27,691)
Other comprehensive expense			
Item that maybe reclassified subsequently to profit or loss			
— Exchange differences arising from translation of foreign operations		**(17)**	—
Total comprehensive expense for the year attributable the owners of the Company		**(20,265)**	(27,691)
Loss per share — basic and diluted (HK cents per share)	*8*	**(2.53)**	(3.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2018

	Notes	30/04/2018 HK$'000	30/04/2017 HK$'000
Non-current assets			
Property, plant and equipment		**6,197**	6,258
Rental deposits	*9*	**1,381**	12,643
Deferred tax assets		**1,924**	2,989
		9,502	21,890
Current assets			
Inventories		**51,958**	97,893
Trade receivables, other receivables and prepayments	*9*	**99,620**	7,442
Tax recoverable		**1,896**	7,800
Cash and cash equivalents		**54,603**	37,071
		208,077	150,206
Total assets		**217,579**	172,096
Capital and reserves			
Share capital	*13*	**8,000**	8,000
Reserves		**102,647**	122,912
Total equity		**110,647**	130,912

	Notes	**30/04/2018**	30/04/2017
		HK$'000	*HK$'000*
Non-current liabilities			
Provision for other liabilities and charges	*10*	**793**	1,653
Obligations under finance leases	*12*	**342**	202
		1,135	1,855
Current liabilities			
Trade and other payables	*10*	**99,093**	23,451
Bank loans	*11*	**5,806**	15,575
Obligations under finance leases	*12*	**485**	236
Tax liabilities		**413**	67
		105,797	39,329
Total liabilities		**106,932**	41,184
Total equity and liabilities		**217,579**	172,096

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2018

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000* *(Note)*	Translation reserve *HK$'000*	Accumulated profits (losses) *HK$'000*	Total equity *HK$'000*
Balance at 1 May 2016	8,000	118,368	24,094	—	8,141	158,603
Total comprehensive expense						
Loss for the year	—	—	—	—	(27,691)	(27,691)
Balance at 30 April 2017	8,000	118,368	24,094	—	(19,550)	130,912
Total comprehensive expense						
Loss for the year	—	—	—	—	(20,248)	(20,248)
Exchange differences arising on translation of foreign operations	—	—	—	(17)	—	(17)
Total comprehensive expense	—	—	—	(17)	(20,248)	(20,265)
Balance at 30 April 2018	8,000	118,368	24,094	(17)	(39,798)	110,647

Note:

The balance of capital reserve comprises the following:

On 23 June 2011, Mr. Lam Man Wah ("Mr. Lam"), one of the Previous Controlling Shareholders of the Company as defined in note 1, acquired the non-controlling interests of a subsidiary from an independent third party. The difference between the fair value of the equity interests acquired and the consideration paid amounting to HK$1,610,000 was credited to the capital reserve.

On 31 October 2014, Mr. Lam agreed to waive part of its lending to the Group. The waived amount of HK$14,282,000 was credited to the capital reserve.

On 9 April 2015, the Company allotted and issued 5,833 and 94,166 of its shares to Ms. Ma Lili ("Ms. Ma") and Tic Tac Investment Holdings Limited, a company owned by the Previous Controlling Shareholders, to acquire their respective shareholding interests in the group subsidiaries.

As a result, a balance of HK$3,902,000 was credited to the capital reserve representing the difference between the carrying value of the non-controlling interest of Jenus Top International Limited acquired over the nominal value of the share capital of the Company issued in exchange thereof. The combined share capital of the other group subsidiaries of HK$4,300,000 was reclassified to capital reserve upon the completion of the group reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2018

1. GENERAL

Prosper One International Holdings Company Limited (formerly known as "Tic Tac International Holdings Company Limited") (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited.

On 28 July 2017, Prosper One Enterprises Limited which is wholly owned by Mr. Meng Guangyin, entered into a sales and purchase agreement with Tic Tac Investment Holdings Company Limited, a company owned by Mr. Lam Man Wah and his spouse, Ms. Chan Ka Yee, Elsa (hereinafter referred to as the "Previous Controlling Shareholders") for acquiring 70.625% interests of the Company at a consideration of HK$534,375,000. The transfer of the shares was completed on 15 Aug 2017. Accordingly, Mr. Meng Guangyin became the new ultimate controlling shareholder of the Company.

Pursuant to a special resolution passed at an extraordinary general meeting of the Company on 26 October 2017, the English name of the Company has been changed from "Tic Tac International Holdings Company Limited" ("滴達國際控股有限公司") to "Prosper One International Holdings Company Limited" ("富一國際控股有限公司").

In the opinion of the director, the ultimate holding company of the Company is Prosper One Enterprises Limited and its ultimate controlling party is Mr. Meng Guangyin, who is also the Chairman and executive Director of the Company. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The principal activities of the Company and its subsidiaries (the "Group") are engaged in the retail and wholesale of watches in Hong Kong, and sales and trading of fertilizers, fertilizers raw materials and public consumption products. The address of its principal place of business is Unit 4205, No. 1 Harbour Road, Convention Plaza Office Tower, Wan Chai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

During the year, the Group incurred a net loss of HK$20,248,000 and sustained accumulated losses of HK$39,798,000. As at 30 April 2018, the Group had total banking facilities of approximately HK$23,500,000, of which approximately HK$5,806,000 were drawn down as bank borrowings. The Group's banking facilities are subject to annual review for renewal.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. Based on the cash flow projections and taking into account the anticipated cash flows generated from the Group's operations, the possible changes in its operating performance, and the continuous availability of banking facilities, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 April 2018. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	Year ended 30/04/2018 *HK$'000*	Year ended 30/04/2017 *HK$'000*
Sales of merchandise	**307,015**	280,858
Service income	**2,364**	2,353
Commission income	**6,122**	—
	315,501	283,211

4. SEGMENT INFORMATION

The Group is principally engaged in the wholesale and retail of watches in Hong Kong since its date of incorporation. During the year, the Group also engaged in sales and trading of fertilizers, fertilizers raw materials and public consumption products (collectively referred to as "Trading of fertilizers and other products").

Information reported to the Group's executive directors, who are the chief operating decision makers ("CODM") of the Group for the purposes of resource allocation and assessment of performance, are focused on three main operations of the Group identified in accordance with the business nature and the size of the operations.

Specifically, the reportable segments of the Group under HKFRS 8 are as follows:

- Retail business of watches ("Retail") — retail of multi brands of watches in Hong Kong
- Wholesalers business of watches ("Wholesale") — wholesale of multi brands of watches in Hong Kong
- Trading of fertilizers and other products ("Trading") — Trading of fertilizers, fertilizers raw materials and public consumption products

There are no significant sales or other transactions among the segments.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment for the two years:

For the year ended 30 April 2018

	Retail	Wholesale	Trading	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External sales	**304,162**	**2,853**	**—**	**—**	**307,015**
External service income	**2,361**	**3**	**—**	**—**	**2,364**
External commission income	**—**	**—**	**6,122**	**—**	**6,122**
Inter-segment sales	**—**	**2,704**	**—**	**(2,704)**	**—**
	306,523	**5,560**	**6,122**	**(2,704)**	**315,501**
Segment (loss) profit	**(6,544)**	**660**	**3,436**	**—**	**(2,448)**
Finance costs					**(572)**
Unallocated group expenses					**(12,658)**
Loss before tax					**(15,678)**

For the year ended 30 April 2017

	Retail	Wholesale	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
External sales	279,298	1,560	—	280,858
External service income	2,348	5	—	2,353
Inter-segment sales	487	2,320	(2,807)	—
	282,133	3,885	(2,807)	283,211
Segment (loss) profit	(25,386)	11	—	(25,375)
Finance costs				(441)
Unallocated group expenses				(2,742)
Loss before tax				(28,558)

Sales between segments are carried out at terms mutually-agreed between the parties involved in transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

No segment assets and liabilities information is provided as no such information is regularly provided to the CODM of the Group on making decision for resources allocation and performance assessment.

Geographical information

During the year, the Group's operation is mainly located in the People's Republic of China ("PRC") and Hong Kong. The Group's revenue by geographical location of customers are detailed below:

	2018	2017
	HK$'000	*HK$'000*
PRC	**6,122**	—
Hong Kong	**309,379**	283,211
Total	**315,501**	283,211

The Group's revenue is mainly derived from customers in PRC and Hong Kong. The non-current assets of the Group were located in Hong Kong. There are no single external customers who contributed more than 10% revenue of the Group for both years.

Other disclosures

For the year ended 30 April 2018

	Retail	**Wholesale**	**Trading**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Addition to non-current assets	**2,742**	**—**	**—**	**2,742**
Depreciation of property, plant and equipment	**2,667**	**—**	**7**	**2,674**
Gain on disposal of property, plant and equipment	**51**	**—**	**—**	**51**
Allowance (reversal) for slow-moving inventories recognised	**1,263**	**(143)**	**—**	**1,120**
Impairment of property, plant and equipment recognised	**85**	**—**	**—**	**85**
Provision for onerous operating leases recognised	**321**	**—**	**—**	**321**

For the year ended 30 April 2017

	Retail	Wholesale	Total
	HK$'000	*HK$'000*	*HK$'000*
Addition to non-current assets	1,289	—	1,289
Depreciation of property, plant and equipment	4,908	—	4,908
Allowance for slow-moving inventories recognised	5,938	974	6,912
Impairment of property, plant and equipment recognised	4,362	—	4,362
Provision for onerous operating leases recognised	6,237	—	6,237

5. FINANCE COSTS

	Year ended 30/04/2018	Year ended 30/04/2017
	HK$'000	*HK$'000*
Interest on bank loans	**543**	425
Finance lease charges	**29**	16
Total	**572**	441

6. INCOME TAX EXPENSE (CREDIT)

	Year ended 30/04/2018	Year ended 30/04/2017
	HK$'000	*HK$'000*
Current taxation		
Hong Kong Profits Tax	**372**	115
PRC Enterprise Income Tax	**846**	—
	1,218	115
Under provision for prior years		
Hong Kong Profits Tax	**2,287**	—
Deferred taxation *(note 17)*	**1,065**	(982)
	4,570	(867)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 30 April 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Year ended 30/04/2018	Year ended 30/04/2017
Loss for the year attributable to owners of the Company (HK$'000)	**(20,248)**	(27,691)
Weighted average number of ordinary shares in issue *(note)*	**800,000,000**	800,000,000
Basic loss per share (HK cents per share)	**(2.53)**	(3.46)

Note: No diluted loss per share is presented as there was no potential ordinary shares in issue for both years.

9. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	30/04/2018 *HK$'000*	30/04/2017 *HK$'000*
Trade receivables		
— third parties	**4,420**	2,735
— a related company	**6**	4
	4,426	2,739
Rental and utilities deposits	**18,355**	15,818
Other receivables	**150**	283
Bills receivable *(note)*	**39,980**	—
Prepayments	**38,090**	1,245
Total trade receivables, other receivables and prepayments	**101,001**	20,085
Less: non-current portion		
— rental deposits	**(1,381)**	(12,643)
	99,620	7,442

Note: As at 30 April 2018, bills receivables amounted to HK$37,734,000 (2017: nil) were endorsed to suppliers as prepayments for merchandises. As the Group has not transferred the significant risks and rewards because the bills were endorsed on a full resource basis, the Group continued to recognise these endorsed bills under bills receivable and recognise corresponding payable in advance receipt set out in note 10.

The trade receivables and amount due from a related company mainly comprise receivables from credit card companies for retail sales and wholesale customers. There was no specific credit terms granted to those credit card companies. The receivables due from credit card companies were usually settled within 7 days. The Group's credit terms granted to wholesale customers, including a related party customer, generally ranged from 30 to 90 days from the invoice date.

Trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
Renminbi	**72,710**	—
US Dollars	**1,790**	—

The following is an aging analysis of trade receivables presented based on the invoice dates.

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
Within 30 days	**4,240**	2,635
31 to 60 days	**141**	104
60 to 90 days	**45**	—
	4,426	2,739

Receivables that were neither pass due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

As at 30 April 2018, none of the trade receivables was past due but not impaired (30 April 2017: Nil).

10. PROVISION FOR OTHER LIABILITIES AND CHARGES, TRADE AND OTHER PAYABLES

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
Trade payables *(note (a))*		
— third parties	**18,858**	9,575
— a related company	**3**	17
	18,861	9,592
Rent payable	**1,269**	1,574
Accrued employee benefit expenses	**3,574**	2,888
Provision for reinstatement costs *(note (b))*	**1,796**	1,776
Provision for onerous operating leases *(note (c))*	**2,115**	8,598
Other accruals and payables	**4,474**	676
Advance receipt	**67,797**	—
	99,886	25,104
Less: non-current portion	**(793)**	(1,653)
Current portion	**99,093**	23,451

As at 30 April 2018, the carrying amounts of trade payables, provisions and other payables approximated to their fair values. Trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
Renminbi	**74,368**	—

Notes:

(a) The following is an aging analysis of trade payables presented based on the due date.

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
Within 30 days	**18,720**	9,124
31 to 60 days	**—**	435
Over 61 days	**141**	33
	18,861	9,592

(b) Movements in the Group's provision for reinstatement costs are as follows:

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
At beginning of the year	**1,776**	1,776
Additional provision during the year	**399**	—
Settlements/reversals during the year	**(379)**	—
At end of the year	**1,796**	1,776

(c) The provision for onerous operating leases represents the anticipated unavoidable costs for fulfilling the onerous non-cancellable lease agreements. The lease agreements were entered into ranging from 1 month to 3 years, the last of which fall due in April 2021. The provision amount would be reduced upon the payment of the remaining rental charges.

Movements in the Group's provision for onerous operating leases are as follows:

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
At beginning of the year	**8,598**	6,323
Provision during the year	**321**	6,237
Release of provision upon payment of rental charges	**(6,804)**	(3,962)
At end of the year	**2,115**	8,598

11. BANK LOANS

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
Bank loan, repayable within one year and contain a repayable on demand clause, unsecured, with effective interest rate of 3.3% (2017: 2.7%) per annum	**5,806**	15,575

The carrying amounts of the Group's bank loans were denominated in HK$ and unsecured and approximated to their fair values. The applicable interest rates of the respective bank loans are range from Hongkong InterBank Offered Rate ("HIBOR") plus 2.15% to 2.65%.

As at 30 April 2018, the Group had aggregate banking facilities of HK$23,500,000 (2017: HK$76,120,000) for overdrafts and loans. Unused facilities as at the same date were HK$17,694,000 (2017: HK$60,545,000). The banking facilities were granted to the subsidiaries of the Group and were subject to annual review and guaranteed by unlimited guarantees from the Company and certain subsidiaries of the Group.

12. OBLIGATIONS UNDER FINANCE LEASES

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	**485**	236
Non-current liabilities	**342**	202
	827	438

It is the Group's policy to lease certain furniture and fixtures and two motor vehicles under finance leases. The average lease term is 3 years (2017: 3 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 2.90% to 3.09% (2017: 2.90%) per annum.

Finance lease liabilities

	30/04/2018	30/04/2017
	HK$'000	*HK$'000*
Gross finance lease liabilities — minimum lease payments		
Within one year	**503**	245
Within a period more than one year but not more than two years	**298**	204
Within a period more than two year but not more than three years	**50**	—
	851	449
Future finance charges on finance lease liabilities	**(24)**	(11)
Present value of finance lease liabilities	**827**	438
Less: Amount due for settlement with 12 months (shown under current liabilities)	**485**	236
Amount due for settlement after 12 months	**342**	202

13. SHARE CAPITAL

	Number of shares	Share capital
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised		
At 30 April 2017 and 30 April 2018	10,000,000	100,000
Issued and fully paid		
At 30 April 2017 and 30 April 2018	800,000	8,000

14. EVENT AFTER THE REPORTING PERIOD

(i) Issue of Convertible Notes (definitions are set out in the announcement of the Company published on 31 May 2018)

On 31 May 2018, the Company entered into a Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe Convertible Notes in an aggregate principal amount of up to HK$80,000,000. Each Note entitles the Noteholder to convert the Note into New Shares at any time during the Conversion Period at the Conversion Price, provided that no Conversion Right may be exercised at a Conversion Price lower than the Floor Price (which is subject to adjustments).

On 4 July 2018, the Company and the Subscriber entered into a second amendment agreement, pursuant to which the Company and the Subscriber agree that the Relevant Adjustment Event is deleted in its entirety.

The Subscription Agreement and the transactions contemplated under it have been approved in the extraordinary general meeting convened on 26 July 2018.

(ii) Memorandum of Understanding in relation to a Possible Investment and Potential New Business (definitions are set out in the announcement of the Company published on 13 June 2018)

On 13 June 2018, the Company entered into the Memorandum of Understanding (the "MOU") with Lithium Chile ("LC") in relation to the Equity Investment and the Norte Program. The MOU contemplates: (1) the Equity Investment of CDN$1,000,000 (equivalent to HK$6,000,000) in the LC shares by the Company; (2) an annual financial commitment of CDN$1,000,000 from the Company to the Norte Program with a term of three years which is made in exchange for potential working interests of Pintadas Nortes. The MOU serves as a basis for entering into the Joint Venture Agreement for concluding the transactions under the MOU. The MOU is terminable by either LC or the Company if (i) the Joint Venture Agreement is not entered into by 31 December 2018; (ii) the terminating party is not prepared to complete the transactions as a result of its due diligence; or (iii) approval from the TSX Venture Exchange or other regulatory authorities is not received before 31 December 2018. If the Joint Venture Agreement is not entered into other than the above circumstances, the Company will pay to LC a break fee of CDN$250,000 (approximately HK$1,520,000).

The above mentioned MOU does not constitute a legally binding commitment on any of the parties to the MOU in relation to transactions as contemplated under the MOU.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF CONTROLLING SHAREHOLDER

On 28 July 2017, Prosper One Enterprises Limited (the "**Offeror**") as purchaser and Tic Tac Investment Holdings Limited (the "**Vendor**") as vendor entered into a sale and purchase agreement and on 4 August 2017, the Offeror and the Vendor entered into a supplemental agreement to the above agreement (together, the "**SPA**"), pursuant to which the Vendor had conditionally agreed to sell, and the Offeror had conditionally agreed to purchase, the sale shares (the "**Sale Shares**"), being a total of 565,000,000 shares of the Company (the "**Shares**"), representing approximately 70.625% of the total issued share capital of the Company, at an aggregate consideration of HK$534,375,000 (equivalent to HK$0.9458 per Sale Share).

Completion of the SPA (the "**Completion**") took place on 15 August 2017. Mr. Meng Guangyin, the sole ultimate beneficial shareholder of the Offeror has become the ultimate controlling shareholder of the Company upon the Completion. Subsequent to the Completion, an unconditional mandatory cash offer was made to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) at a price of HK$0.9458 per Share (the "**Offer**"), and the Offer was closed on 27 September 2017. Upon the close of the Offer, the Offeror and the parties acting in concert with it were interested in, held, controlled or directed an aggregate of 689,940,000 Shares, representing approximately 86.243% of the total issued share capital of the Company.

On 20 November 2017, the Offeror entered into a placing agreement with Changjiang Securities Brokerage (HK) Limited, Aristo Securities Limited and Ruibang Securities Limited (collectively, the "**Placing Agents**") for the placing of 89,940,000 Shares held by the Offeror at a placing price of HK$0.90 per Share on a best effort basis to not less than six placees (the "**Placing**"). The Company was informed by the Offeror that 89,940,000 Shares (representing approximately 11.2% of the issued Shares) had been placed through the Placing Agents to not less than six placees at the placing price of HK$0.90 per Share. Completion of the Placing took place on 22 November 2017. None of the placees under the Placing has become a substantial shareholder (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) of the Company upon completion of the Placing. Immediately after the completion of the Placing, the Offeror and the parties acting in concert with it have been interested in 600,000,000 Shares, representing 75.0% of the issued Shares, whereas 200,000,000 Shares, representing 25.0% of the issued Shares, have been held by the public.

BUSINESS REVIEW

During the Year, the Hong Kong consumption market showed signs of recovery benefiting from a gradual improvement in the retail market, favourable job and income prospects of the local market and sustained growth in inbound tourism. Driven by the revival of inbound tourism and an improvement in local consumption demand, Hong Kong retail sales as well as watches retail rebounded in the Year, the Group's performance in this segment is on its improvement track.

During the Year, a new controlling shareholder, namely Prosper One Enterprises Limited has been introduced into the Company. The Company has successfully completed the change of its management and encountered new opportunities for development. As guided by the concepts of our new management and leveraging on its own competitive edges, the Group expanded its footprints to three major business segments during the Year, namely high-end fertilizer industry, international and domestic trade and technical services, which strengthened the overall competitiveness of the Group. The commencement of new businesses was conducted smoothly and recorded profits, thus improving the annual results of the Group.

Due to an improvement in economic environment and the commencement of new businesses, the Group's net loss for the Year decreased to HK$20.2 million, representing a decrease of approximately HK$7.5 million as compared to a net loss of approximately HK$27.7 million for the year ended 30 April 2017.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Year was approximately HK$315.5 million, representing an increase of approximately HK$32.3 million or 11.4% from approximately HK$283.2 million for the year ended 30 April 2017. The increase in revenue was mainly attributable to the revival of inbound tourism and an improvement in local consumption demand. In addition, our new businesses were operated smoothly and there was revenue derived from it.

Cost of sales

Our cost of sales primarily consists of cost of inventories sold and provision for slow-moving inventories. Our cost of sales increased by approximately HK$18.5 million or 9.6% from approximately HK$192.9 million for the year ended 30 April 2017 to approximately HK$211.4 million for the Year. During the Year, the Group recorded a provision for slow-moving inventories of approximately HK$1.1 million (2017: approximately HK$6.9 million) to profit or loss. The provision for slow-moving inventories as at 30 April 2018 amounted to approximately HK$23.8 million (As at 30 April 2017: approximately HK$22.7 million).

Eliminating the effect of the provision for slow-moving inventories, cost of sales before provision of slow-moving inventory increased by approximately HK$ 24.3 million or 13.1 % from approximately HK$186.0 million for the year ended 30 April 2017 to approximately HK$210.3 million for the Year. The increase was mainly due to an improvement in sales of watches and in line with the increase in revenue of approximately 11.4% during the Year.

Gross profit and gross profit margin

Our gross profit increased by approximately HK$13.8 million or 15.3% from approximately HK$90.3 million for the year ended 30 April 2017 to approximately HK$104.1 million for the Year. Our overall gross profit margin increased from approximately 31.9% for the year ended 30 April 2017 to approximately 33.0% for the Year. The increase was mainly attributable to the contribution from our new businesses and a decrease in provision for slow-moving inventories during the Year.

Selling and distribution costs

Our selling and distribution costs decreased by approximately HK$10.5 million or 10.2% from approximately HK$102.8 million for the year ended 30 April 2017 to approximately HK$92.3 million for the Year. The decrease was primarily attributable to the decreases in depreciation, impairment of property, plant and equipment and provision for onerous operating leases during the Year.

Administrative expenses

Our administrative expenses increased by approximately HK$11.3 million or 72.4% from approximately HK$15.6 million for the year ended 30 April 2017 to approximately HK$26.9 million for the Year. The increase was primarily attributable to the increases in the professional expenses, auditor's remuneration, salaries and directors' emoluments and staff-related costs in line with its business operation plan during the Year.

Finance costs

Our finance costs increased by approximately HK$0.2 million or 50.0% from approximately HK$0.4 million for the year ended 30 April 2017 to approximately HK$0.6 million for the Year. The increase was primarily attributable to an increase in interest rate during the Year.

Loss before tax and loss attributable to owners of the Company

As a result of the foregoing, our loss before income tax decreased by approximately HK$12.9 million or 45.1% from approximately HK$28.6 million for the year ended 30 April 2017 to approximately HK$15.7 million for the Year.

The loss attributable to owners of the Company decreased by approximately HK$7.5 million or 27.1% from approximately HK$27.7 million for the year ended 30 April 2017 to approximately HK$20.2 million for the Year.

FINANCIAL POSITION

The Group's primary source of funds was cash inflows from operating activities and bank borrowings.

As at 30 April 2018, the Group's total cash and cash equivalents were approximately HK$54.6 million (30 April 2017: approximately HK$37.1 million), most of which were denominated in HK$. The current ratio (calculated by current assets divided by current liabilities) of the Group decreased from approximately 3.8 times as at 30 April 2017 to approximately 2.0 times as at 30 April 2018. The gearing ratio (calculated by net debt divided by total capital) of the Group maintained at net cash position as at 30 April 2018 and 30 April 2017. During the year ended 30 April 2017, the Group failed to comply with one of the covenant requirements related to the Group's bank loans amounting to approximately HK$5.5 million. In July 2017, the bank granted a one-off waiver from compliance with the relevant breached covenant requirement for the year ended 30 April 2017.

INVENTORIES

The Group had total inventories balances of approximately HK$52.0 million as at 30 April 2018, decreased by HK$45.9 million or 46.9% from HK$97.9 million as at 30 April 2017. The decrease was because that the Group continued to strengthen the connection between procurement and marketing and downsize the inventory scale.

TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

The balance of the Group's trade receivables, other receivables and prepayments increased by approximately HK$92.2 million or 1,245.9% from approximately HK$7.4 million as at 30 April 2017 to approximately HK$99.6 million as at 30 April 2018. The increase was mainly due to the increase in prepayments from customers settled by bills receivables and prepayments to suppliers that resulted in an increase in the balance of trade receivables, other receivables and prepayments at the end of the Year in relation to our new businesses.

PROVISION FOR OTHER LIABILITIES AND CHARGES, TRADE AND OTHER PAYABLES

The balance of the Group's provision for other liabilities and charges, trade and other payables increased by approximately HK$74.8 million or 298.0% from approximately HK$25.1 million as at 30 April 2017 to approximately HK$99.9 million as at 30 April 2018. The increase was mainly due to the increase in advance receipt from customers at the end of the Year in relation to our new businesses.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the listing of the Shares on 12 May 2015 (the "**Listing**" and the "**Listing Date**", respectively) (after deducting the underwriting fees and related expenses) amounted to approximately HK$107.5 million, which have been intended to be applied in the manner as disclosed in the prospectus of the Company dated 28 April 2015.

During the period from the Listing Date, to 30 April 2018, the Group has applied the net proceeds from the Listing as follows:

	Amount utilised as at 30 April 2018 *HK$'000*	Amount unutilised as at 30 April 2017 *HK$'000*
Expand our retail and sales network	23,520	14,093
Improve our same-store sales growth and profit margin	12,896	—
Improve our supplier network and enhance the knowledge of our sales	1,381	2,918
Increase our marketing effort	6,828	695
Repay a short-term bank loan with interest	37,613	—
Working capital and other general corporate purposes	6,600	923
Total	88,838	18,629

The unutilised net proceeds from the Listing are placed as deposits with (a) licensed bank(s) in Hong Kong.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Year, there was no material acquisition or disposal of subsidiaries and associated companies by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2018, the Group had a total of 140 (2017: 98) employees. The total remuneration costs incurred by the Group for the Year were approximately HK$36.5 million (2017: approximately HK$33.4 million). We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees. Remuneration packages are generally structured by reference to market norms, individual qualifications and relevant experience.

Further, the Company adopted a share option scheme (the "**Scheme**") on 21 April 2015 for the primary purpose of providing eligible participants with an opportunity to have a personal stake in the Company and to motivate, attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group. Eligible participants of the Scheme include any employees, executive or non-executive Directors (including independent non-executive Directors), advisors and consultants of the Group. On 4 January 2018, the Company granted to certain eligible participants share options comprising a total of 80,000,000 underlying Shares, which was subject to, among others, a refreshment of the scheme mandate limit for the Scheme (the "**Refreshment**"). The resolution concerning the Refreshment was duly passed by the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting held on 25 January 2018. Out of the share options granted under the Scheme, (i) options comprising 80,000,000 underlying Shares granted on 4 January 2018 were outstanding as at 30 April 2018, (ii) options comprising 80,000,000 underlying Shares granted on 21 November 2017 were cancelled on 24 November 2017, and (iii) none lapsed during the Year (2017: Nil).

DEBTS AND CHARGE ON ASSETS

The Group had total borrowings of approximately HK$6.6 million as at 30 April 2018, while that as at 30 April 2017 was approximately HK$16.0 million.

The carrying amounts of the Group's borrowings were denominated in HK$ and unsecured and approximated to their fair values.

As at 30 April 2018, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

The bank loans of approximately HK$5.5 million as at 30 April 2017 had been drawn from one of the Group's banking facilities, for which one of the covenants requirements was in breach. In July 2017, the bank granted a one-off waiver from compliance with the relevant breached covenant requirement for the year ended 30 April 2017.

As at 30 April 2018, the Group had aggregate banking facilities of approximately HK$23.5 million (As at 30 April 2017: approximately HK$76.1 million), for overdrafts and loans. Unused facilities as at the same date were approximately HK$17.7 million (As at 30 April 2017: approximately HK$60.5 million). The banking facilities were granted to the subsidiaries of the Company and were subject to an annual review and guaranteed by unlimited guarantees from the Company and certain of its subsidiaries.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As disclosed in note 14 to the consolidated financial statements above, on 13 June 2018, the Company entered into a non-legally binding memorandum of understanding (the "**MOU**") with Lithium Chile Inc. in relation to the Equity Investment and the Norte Program as briefly described below. The MOU contemplates the equity investment of CDN$1,000,000 (equivalent to HK$6,000,000) in the common shares of Lithium Chile Inc. by the Company to be completed within 60 days from the signing of a joint venture agreement in relation thereto (the "**Equity Investment**"). The MOU also contemplates the three-year program for exploration of lithium and/or nitrates in the 33,100 hectare of Pintadas Norte property owned by Lithium Chile Inc. (the "**Norte Program**") and an annual financial commitment of CDN$1,000,000 from the Company. The first annual financial commitment of CDN$1,000,000 payable by the Company to Lithium Chile Inc. within 60 days from the date of the completion of the Equity Investment. The Company has no obligation to provide the second or third annual financial commitment, unless it is satisfied with the results of the Norte Program in the first year. Please refer to the Company's announcement dated 13 June 2018 for further details. As at the date of this announcement, no joint venture agreement has been signed.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company as at 30 April 2018.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 April 2018 (2017: Nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 April 2018 and 2017.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the Year (2017: Nil).

PROSPECTS

China is getting more concerned about pollutions problem, and is determined to switch its future economic focus towards the low-pollution industries. As the Chinese government makes greater efforts to promote environmental protection, it is likely that fertilizers industry integration and reshuffling will accelerate during the process of backward production capacity elimination. Hence, the industry concentration will be further enhanced, resulting in an increase in market demand for fertilizers and offering unprecedented opportunities for industry development.

Over the years, the Chinese government has promoted the concept of enhancing efficiency through reducing the use of fertilizers. Under this new trend, the Group takes a bold step towards reform, striving to make a change. The Group intends to develop and produce effective compound fertilizers and bacterial biochemical fertilizers. Being added synergist, release agent and other additives into nitrogenous fertilisers such as urea, crops can grow better with fewer fertilizers being used. The Group, in cooperation with the Chinese Academy of Agricultural Sciences, is developing and producing fertilizers such as biological fertilizers, zinc humic acid fertilizers and seaweed fertilizers, aiming to further strengthen its position and enhance its competitiveness, thus gaining more business opportunities.

Domestic trade focuses on the procurement and sale of chemical raw materials, which mainly includes the urea business and the coal business. Currently, our domestic trade is conducted smoothly with satisfactory results. International trade mainly covers the export of urea, compound fertilizers, ammonium sulfate, resin coated urea, glucose and other products, as well as the import of crude glycerin, lithium ore, coal and other products. Currently, we have successfully expanded our operations in over ten countries in Asia, America, Australia and Africa. As both domestic and international macroeconomic conditions have improved, we shall strive to expand our operations into huge markets, aiming to create new drivers for future development.

Over the years, the Chinese government is getting more concern about environmental protection. This creates new opportunities for industries in relation to environmental friendly materials, environmental friendly equipment and environmental technology and service. Hence, the market outlook is promising. Acting in line with the market trend, we shall strive to develop our technological service, consultation and training while expanding our commercial information consultation service. As usual, we shall grasp opportunities when they arise and proactively expand our operations by leveraging on our core competitiveness.

Domestic demand on new energy is steadily increasing. We are of the opinion that the Group will benefit from the increase in domestic market demand through developing our business segment of new energy material production. Hence, we intend to commence a new business segment, namely the production of necessary materials for the manufacture of lithium batteries (including, but not limited to, lithium carbonate), by recruiting relevant operating teams and cooperating with other players in the industry who are independent third parties. Lithium carbonate is the major material for the manufacture of mobile batteries which are used in various types of electronic vehicles. By enhancing its ability in acquiring resources, the Group will focus on developing new materials and new energy products as well as strengthening its overall competitiveness, thus creating additional value for our Shareholders.

Speaking of the retail of watches, by understanding customers' spending models and habits, the Group is in the process of implementing a new shopping atmosphere among our shops that are going to open. We are focusing on the promotion of new store concept and the introduction of new watch brands and designs so as to stimulate customers' consumption sentiment. In addition, to strengthen the brand awareness, the Group has been contributing its resources to TV commercials, social media platforms and as event's sponsor. With these measures, the Group believes that although the franchise licences of two single brands of watches will expire in 2018 and there will be a substantial decrease in turnover and profit in the short term, we can see sustainable growth in our business over a certain period of time.

In the coming year, all of our management members and staff will strive to make the Group turn around by leveraging on their own competitive edges and completing various tasks with unity, thus creating a strong foundation for the development of operations of the Group. Through continuous development and expansion, we aim to create better returns for the Shareholders in the long run.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**2018 AGM**") is scheduled to be held on Thursday, 25 October 2018. A notice convening the 2018 AGM will be issued and dispatched to the Shareholders in due course in the manner required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 22 October 2018 to Thursday, 25 October 2018 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the 2018 AGM, the non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Friday, 19 October 2018.

EVENTS AFTER THE FINANCIAL YEAR

Save as disclosed in note 14 to the consolidated financial statements of the Group for the Year set out in this announcement above, the Group did not have any other material subsequent event after the reporting period and up to the date of this announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing the Directors' transactions of the listed securities of the Company. Following a specific enquiry made by the Company with each of the Directors, all Directors confirmed that they had complied with the standards as set out in the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company did not redeem any of its securities listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such securities.

PUBLIC FLOAT

Save as disclosed above, based on the information that is publicly available to the Company and within the knowledge of the Directors, during the Year and thereafter up to the date of this annual results announcement, the Company has maintained a sufficient public float (i.e. as least 25% of the issued Shares in public hands) for the issued Shares as required under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. During the Year, the Company complied with all the code provisions of the CG Code, except for the following code provision A.2.1 of the CG Code.

Chairman and Chief Executive

Code provision of A.2.1 of the CG Code provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. During the period from 1 May 2017 to 27 September 2017, Mr. Lam Man Wah, a former executive Director, was acting as the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company ("**CEO**") concurrently. Mr. Lam Man Wah resigned on 28 September 2017. On the same day, Mr. Meng Guangyin was appointed as Chairman and Mr. He Guangrui and Mr. Liu Guoqing were appointed as the co-chief executive officers. On 1 April 2018, Mr. He Guangrui and Mr. Liu Guoqing were replaced by Mr. Meng Guangyin who has been re-designated as an executive director, the CEO and the Chairman. The Board is of the opinion that it is appropriate and in the best interests of the Group to have Mr. Meng Guangyin taking up both roles for effective management and business development. Therefore, our Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances. Nevertheless, the Company will look for suitable candidates and will make necessary arrangement pursuant to the requirement under A.2.1 of CG Code as and when necessary.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") has reviewed the Group's consolidated financial statements and annual results for the Year. The Audit Committee is of the view that the consolidated financial statements of the Group for the Year have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's independent auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our dedicated management team and employees for their contributions to achieve the strategic transformation seeking for new opportunities for development. Last but not least, I want to express my sincere thanks to our partners, customers and in particular, our shareholders for their trust and continuous support.

PUBLICATION OF FINANCIAL INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for the Year containing all applicable information required by the Listing Rules will be despatched to the Shareholders and published on the Stock Exchange's website *(http://www.hkexnews.hk)* and on the Company's website *(www.prosperoneintl.com)* in due course.

By order of the Board of
Prosper One International Holdings Company Limited
Meng Guangyin
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 July 2018

As at the date of this announcement, the Board comprises Mr. Meng Guangyin (chairman and chief executive officer), Mr. Meng Bo, Mr. Liu Guoqing (chief financial officer), Mr. Liu Jiaqiang and Mr. Liao Pin Tsung (vice chairman and chief operating officer) as the executive Directors; and Mr. Chan, Yee Ping Michael, Mr. Tian Zhiyuan and Mr. Hu Jinrui as the independent non-executive Directors.